

Introduced by Senator Ortiz

February 17, 2005

An act to amend Section 186.1 of the Penal Code, relating to criminal profiteering.

LEGISLATIVE COUNSEL'S DIGEST

SB 417, as introduced, Ortiz. Criminal profiteering: health care plans.

Existing law, the California Control of Profits of Organized Crime Act, provides for the forfeiture of profits acquired as a result of criminal activities of organized crime.

This bill would provide that health maintenance organizations and health care plans that systematically engage in payment practices that have the effect of delaying or denying payment, or underpaying health care providers who provide services to enrollees of the plan or organization are subject to prosecution under those provisions. Because the bill would expand the scope of a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 186.1 of the Penal Code is amended to
2 read:

3 186.1. (a) The Legislature hereby finds and declares that an
4 effective means of punishing and deterring criminal activities of
5 organized crime is through the forfeiture of profits acquired and
6 accumulated as a result of such criminal activities. It is the intent
7 of the Legislature that the “California Control of Profits of
8 Organized Crime Act” be used by prosecutors to punish and
9 deter only ~~such~~ those activities.

10 (b) *Health maintenance organizations and health care plans*
11 *that systematically engage in payment practices that have the*
12 *effect of delaying or denying payment, or underpaying health*
13 *care providers who provide services to enrollees of the plan or*
14 *organization are subject to prosecution under this chapter.*

15 SEC. 2. If the Commission on State Mandates determines that
16 this act contains costs mandated by the state, reimbursement to
17 local agencies and school districts for those costs shall be made
18 pursuant to Part 7 (commencing with Section 17500) of Division
19 4 of Title 2 of the Government Code.